BOOK REVIEWS AND NOTICES

Economics. A Practical Exposition of the Science of Business, with Illustrations from Actual Experience. By EDWARD SHERWOOD MEADE. Chicago and New York: De Bower-Elliott Company, 1909. 8vo, pp. xiv+471. $3.50.

This book is published as Vol. I of a twelve-volume series on "Modern Business," under the editorship of Professor Joseph French Johnson. The purpose of the series is primarily to provide materials for the study of business for aspiring young men who are unable to avail themselves of the business courses offered by the universities. A secondary object of the series is to furnish textbooks for use in such courses; and the present volume, to judge from its form, is also designed to enter the general field of the college textbook. Whether or not this design actually influenced its author to any considerable extent, it must be said at once that in scope and in manner of presentation the work under review represents no marked departure from the ordinary textbook prepared for college use; it will therefore be not unjust to judge it by the traditional standards.

Professor Meade's book follows, in the main, the practical, if old-fashioned, division of the science. "Production," "Exchange," "Distribution," and "Economic Problems" are the titles of the parts into which the book falls. This division is not too vigorously observed; women and child labor is treated under "Production"; labor organization under "Distribution." Little has been gained, however, by close adherence to such an artificial classification as this; and an author can hardly be blamed for treating his material under whatever head seems convenient to him. In his assignment of space to different topics, Professor Meade displays a very fair sense of proportion. It is somewhat surprising to find that an author writing primarily for business men should assign almost one-third of his text to the subject of distribution, and should handle production in almost a perfunctory way. The work on distribution is the clearest and most satisfactory in the book and the work on banking is the least satisfactory—another occasion for surprise, in view of the auspices under which it was written.

An unusual amount of space has been given to lengthy quotations, especially from Seager, Bullock, and Mill. These make up about one-sixth of the text, and give it, at times, almost the appearance of a mere compilation. The author's work is, however, so characteristic that no charge of lack of originality would hold. The book is an unusually interesting one; indeed, although it never passes beyond the bounds of an elementary text, the reviewer found it worth while to read almost every page, except the quotations. The illustrations are new and illuminating, whether from "actual experience" or not; the style, while far inferior to that of Professor Meade at his best, is usually tolerable.

The book, unfortunately, gives abundant evidence of undue haste in composition, which may perhaps be accounted for by the fact that the eleven other bulky volumes of "Modern Business" were waiting for it to get out of the way. What

but a "rush order" could justify such "copy" as the following (p. 21): "In the colder regions conditions are different [from those in the tropics]. Here the climate is harsh and inclement. The winters are severe, locking up land and water in snow and ice." Three different ways of saying a thing not worth saying, in order to introduce a snow-and-ice interpretation of civilization which ignores Egypt, Chaldea, Palestine, Greece, and Rome.

Such material is very plentiful in this book; it may be passed over without further comment, since the book was written for business men, who seem not to demand much respect from their intellectual purveyors. More serious is the tendency of the author to state facts with which he is perfectly familiar in so loose a way as to create needless confusion in the mind of the reader. Thus on p. 143, we are given, in one sentence, the unqualified statement that a national bank must deposit with the Treasury "at least $50,000 of bonds," and the further contradictory statement that, if its capital is less than $150,000, it must deposit an amount of bonds equal to one-fourth of its capital. On p. 144 it is said that certain banks must carry a reserve of 25 per cent., others of 15 per cent., and the unqualified statement follows that, if a bank's reserve falls below 25 per cent., the comptroller may notify the bank that it is violating the law. On p. 126 we are told that "each of these paper certificates [gold and silver certificates, greenbacks, and bank notes] has printed upon it the promise of the government, or of some bank backed up by the government, to deliver to the bearer the number of dollars, i.e., gold dollars, which is named in the certificate." Any student who ever looks at his money knows that this is not literally true; and Professor Meade makes no attempt to state his true meaning. On p. 120 each laborer engaged in manufacturing in the United States is credited with an output of $2,280, from which alleged fact are derived various conclusions as to the efficiency of modern labor —conclusions that lose half their force when it is pointed out that this $2,280 of value includes $1,200 for raw materials, etc., values already accredited to mining, agricultural, and other forms of labor. On p. 15 an incorrect account is given of the chemical reactions occurring in iron-smelting, although the correct account is given on p. 107. On p. 102 the general proposition is laid down that water-power is cheaper than steam-power; in the next sentence but one we are informed that when the price of water-power rises industries leave the waterfalls and move to the coalfields. On p. 41 the value of a man is ascertained by capitalizing at 5 per cent. his entire earnings, with no allowance for amortization. (Compâre Professor Meade's opinions on a similar process of valuation applied to machines.) On p. 297 it is asserted that the losses from speculation are far greater than the gains; but the author is silent as to the whereabouts of the surplus money lost. On p. 140 it is said that bank reserves vary from 10 to 25 per cent. of deposits; on the next page, for no obvious reason, the guess is changed to 12 to 25 per cent. On p. 328 we are told in one paragraph that the law of 1906 empowered the Interstate Commerce Commission to fix maximum rates; in the next paragraph, that "thus far we have refused to grant the Interstate Commerce Commission power to fix rates." On p. 300 we find the statement that "monopoly prices do not rise so high as under competition and do not fall so low. The prices are, therefore, higher than under competitive conditions." On p. 148 it is argued that an asset bank currency in this country would not give the desired element of elasticity, because the banks "would substitute the new

notes by paying them over their counters for an equal amount of legal-tender money, which they were formerly obliged to pay out into the circulation, but which they could now place in their reserves, enlarging in this way the basis of their loan credit." This doctrine is credited to Professor Joseph French Johnson, and a reference is given to a chapter in *Money and Currency* where nothing even remotely resembling it is found.

In the theoretical part of the work few serious blemishes are to be found. The reviewer cannot, however, refrain from quoting the author's conception of his treatment of rent (p. 266). "In this discussion we have treated rent from the standpoint of the landlord, as a form of investment on which he desires to get as large a return as possible, and from the standpoint of the tenant, as a business or personal responsibility for which he wishes to get the largest possible return in income or comfort." This means something, no doubt; but exactly what?

In the Editor's Preface we are informed that this book will be found to be "the keystone of the business arch." From the foregoing collection of excerpts—which is not nearly so long as it might be made—it becomes evident that the keystone was put into the structure in the rough, to be dressed in place—the modern method, I believe.

The author has avoided the method of the doctrinaire except in respect to one phenomenon—monopoly. He regards monopoly not merely as inevitable, but as probably desirable; and he expresses his convictions with commendable vigor. A state of imperfect monopoly has its disadvantages, he admits; but these are not to be obviated through legislative interference with monopolistic activity. Three plans of action are proposed by Professor Meade: (1) Meet monopoly with monopoly. If all were monopolists of equal strength, none would suffer from monopoly. This is no doubt true; but pure theory has never indulged in a more unreal assumption than that of a world of equal monopolistic powers. This Professor Meade recognizes but, like a pure theorist, holds none the less firmly to his principle. (2) Buy watered stock; you will then get back, in monopoly profits, what the monopolies extort from you in high prices. Reflection will show that this is a modern version of "If any man will take away thy coat, let him have thy cloak also." (3) Invoke the law of substitution. If beef rises, substitute mutton; if all food rises, substitute clothes; if food and clothing and housing all become unreasonably dear (as they seem to do), substitute some of this genial Pennsylvania philosophy, which is guaranteed to remain cheap.

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Yale Readings in Insurance. Edited by Lester W. Zartman. Vol. I, "Life Insurance"; Vol. II, "Fire Insurance." New Haven: Yale University Press, 1909. 2 vols. 8vo, pp. viii+405; viii+446. $2.25 each, net.

This two-volume work edited by the late lamented Professor Zartman of Yale University is an outgrowth of the "Yale Lectures" in life, fire, and miscellaneous insurance, which appeared six years ago. As stated in the preface, "instead of simply reprinting the old lectures, the plan has been adopted of selecting special readings, partly from the 'Yale Lectures,' partly from other